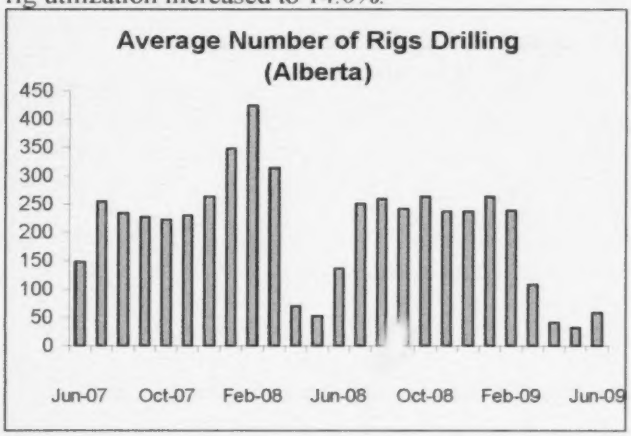
Rigs Drilling

Drilling activity picks up from seasonal low…

The average number of rigs drilling in Alberta jumped to 59.0 in June, a month-over-month increase of 87.1%. Despite the strong, though seasonal, monthly gain, the average number of rigs drilling was still down 56.3% from June of last year. Average rig utilization increased as well, to 10.0%, compared to 5.0% in May. The average number of rigs drilling across Canada was up from May, by 74.6%, while rig utilization increased to 14.0%.



Industrial Prices

Industrial price indices mixed…

The Industrial Product Price Index fell for the second consecutive month in May, down 1.1% from April. The decline was spread across most major product groups; only four out of 21 industries showed gains, including petroleum and coal products manufacturing (5.0%), and petroleum refineries (5.2%). The Canadian dollar's recent appreciation was a major cause of the decline, with product groups that are traditionally most affected by the exchange rate, such as motor vehicles (-4.0%), seeing the biggest falls.

In contrast, Canada's Raw Materials Price Index rose by 2.4% in May, to its highest level since November 2008. This was mainly due to a 7.3% increase in the price of crude oil. Year-over-year, the price of raw materials was down 31.6%.

Canadian Dollar (US¢/CS)	
July 03, 2009	86.05
June 26, 2009	86.72
2009-10 YTD	86.04
WTI Oil US$/bbl	
July 02, 2009	$ 66.73
June 25, 2009	$ 70.23
2009-10 YTD	$ 60.04
Nymex Natural Gas CS/MMBtu *	
Near-month Contract	
July 02, 2009	$ 4.24
June 26, 2009	$ 4.39

* Estimate based on Nymex Futures Market Price

Canadian GDP

Output contracts in April…

Real gross domestic product declined 0.1% in April, following a 0.3% decrease in March. The main contributors to the contraction were retreats in the manufacturing (-1.0%), energy (-0.5%), and retail trade (-0.6%) sectors. Gains in the home resale market helped increase the output of real estate agents and brokers, which rose 8.2% in April.

National Tourism Indicators

Tourism spending continues to fall…

In the first quarter of 2009, real tourism spending in Canada declined 1.3%, as international visitors pared down travel. Spending by international visitors fell by 5.7% in the first quarter, while domestic tourism spending by Canadians edged down 0.1%.

U.S. Economy

No 'green shoots' this week…

Non-farm payroll employment in the United States fell more than expected in June, with the economy shedding 467,000 jobs, following a decrease of 322,000 in May. Consumer confidence also declined in June, as the Conference Board's consumer confidence index fell by a larger than expected 5.5 points to 49.3. The unexpectedly poor economic news sent most market indices tumbling, and the price of oil fell US$2.58 on Thursday.

Alberta

CURRENT ECONOMIC INDICATORS

July 3, 2009

Overall Economy	2007	2008	2009YTD*	Jan	Feb	Mar	Apr	May	Jun
Real GDP (in 2002 $billions)	187.5	187.0	--	--	--	--	--	--	--
% change	3.1	-0.2	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	291.7	--	--	--	--	--	--	--
% change	8.1	12.6	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	3,654	3,632	--	--	3,654	--	--
% change	2.6	2.1	2.6	2.6	--	--	2.7	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	18,269	6,198	--	--	7,144	--	--
Net International Migration[1] (level)	16,136	19,283	13,179	4,097	--	--	4,175	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	17,557	4,870	--	--	4,626	--	--
Labour Market									
Employment (000's)	1,959	2,013	1,982	2,026	2,002	1,987	1,993	1,993	--
% change	4.7	2.8	-0.3	1.2	0.2	-1.0	-0.9	-1.1	--
Unemployment Rate (%)	3.5	3.6	6.1	4.4	5.4	5.8	6.0	6.6	--
Average Hourly Wage Rate	6.0	5.7	4.7	6.2	4.5	3.6	4.3	5.0	--
Average Weekly Earnings[2]	5.8	6.0	5.3	7.0	5.4	5.6	3.2	--	--
Labour Income[3]	11.3	8.4	3.6	4.5	3.6	2.7	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	0.6	1.2	2.1	0.9	-0.7	-0.7	--
Excluding food and energy	4.9	1.9	1.6	1.5	2.0	1.4	1.1	1.7	--
Non-Res. Const. Cost Index[4] (quarterly)	17.3	13.2	-1.0	--	--	-1.0(Q1)	--	--	--
Farm Product Price Index	14.3	11.1	-6.3	-6.2	-7.9	-4.7	-6.2	--	--
Crops	41.4	26.3	-24.3	-22.8	-25.7	-23.1	-25.6	--	--
Livestock	0.7	2.1	14.0	13.7	12.4	17.5	12.4	--	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	13	15.7	12.6	11.9	12.4	12.4	--
% change	-2.1	-39.7	-64.5	-53.0	-59.4	-75.1	4.2	-61.3	--
New Housing Price Index	22.5	0.7	-9.8	-8.4	-9.6	-10.5	-10.7	--	--
Edmonton	32.1	1.0	-11.8	-10.4	-12.2	-12.3	-12.5	--	--
Calgary	16.2	0.6	-7.8	-6.5	-7.1	-8.7	-8.8	--	--
MLS Average Resale Prices	24.3	-1.4	-9.1	-10.0	-9.2	-10.4	-6.8	--	--
Edmonton	34.3	-2.0	-7.7	-4.5	-8.7	-10.1	-7.4	--	--
Calgary	18.7	-2.9	-10.9	-11.4	-10.8	-11.3	-10.1	--	--
Retail Sales	9.3	-0.1	-11.0	-6.4	-13.4	-13.8	-10.1	--	--
New Motor Vehicle Sales	3.3	-7.3	-28.5	-22.5	-35.4	-31.9	-24.4	--	--
Business Sector									
Public and Private Investment[5]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[5]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling NEW!	-35.2	-2.1	-44.9	-24.4	-43.9	-60.8	-42.0	-39.2	-56.3
Goods Exports (customs based)	5.3	33.2	-28.7	-27.3	-30.2	--	--	--	--
Energy	4.4	40.9	-33.2	-31.5	-35.1	--	--	--	--
Agriculture	9.8	28.6	0.0	-3.4	3.6	--	--	--	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	--	--	--	--	--	--	--
Manufacturing Shipments	1.9	6.9	-16.3	-13.4	-14.6	-13.8	-23.0	--	--
Wholesale Trade	5.0	10.9	-4.7	4.5	-6.1	-4.2	-11.7	--	--
Building Permits	13.4	-16.5	-48.6	-52.5	-67.5	-29.8	-41.4	--	--
Residential	10.7	-31.5	-55.0	-67.0	-72.5	30.5	-44.0	--	--
Non-residential	17.1	3.7	-42.1	-40.2	-62.9	-19.2	-38.7	--	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). The April population estimate is also the 2009 year-to-date value.

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Spring 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.5%***	-0.1%	0.9%	2.0%	-0.0%	1.0%	-0.4%	2.4%	4.4%	**-0.2%**	-0.3%
2009	***-1.7%***	-5.0%	-0.2%	0.4%	0.5%	-0.9%	-2.4%	1.0%	0.2%	**-2.4%**	-1.8%
2010	***2.5%***	1.0%	1.7%	1.5%	2.2%	1.8%	2.5%	2.4%	3.2%	**2.9%**	3.3%
Population (As of April 1, 2009)											
Population	**33,592,686**	508,726	140,638	939,475	748,866	7,799,372	13,014,018	1,217,163	1,027,092	**3,653,840**	4,435,344
Annual Growth Rate[a]	***1.23%***	0.20%	1.19%	0.18%	0.26%	0.89%	1.02%	1.16%	1.49%	**2.71%**	1.70%
Net Interprovincial Migration											
2008 Census Year (July 1, 2007 to June 30, 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
1st Quarter (January 1, 2009 to March 31, 2009)		98	-66	-357	61	-2,016	-5,015	-181	545	**7,144**	-16
Employment											
Level Change (000s)[b]	**-337.5**	-13.2	-2.3	2.8	1.7	-14.7	-244.5	2.9	12.6	**-21.8**	-60.8
Percent Change[b]	***-2.0%***	-5.8%	-3.1%	0.6%	0.5%	-0.4%	-3.6%	0.5%	2.4%	**-1.1%**	-2.6%
Unemployment Rate, 2009 avg (SA)	**7.9**	14.8	12.2	8.9	8.9	8.2	8.7	4.8	4.7	**5.6**	7.0
Participation Rate, 2009 avg (SA)	***67.4***	58.9	67.6	64.5	64.7	65.4	67.5	69.3	70.5	**74.6**	65.9
Average Weekly Earnings											
April 2009	**820.53**	799.20	697.50	733.09	740.11	760.76	848.63	764.32	795.35	**946.66**	790.13
Y/Y Percent Increase[c]	***1.4%***	4.7%	6.2%	3.3%	2.3%	0.6%	1.7%	1.7%	1.2%	**3.2%**	-0.3%
2009 Wage Settlements										**1.5%**	
CPI Inflation											
April Annual	**0.1%**	0.6%	-1.1%	-1.1%	-0.2%	0.1%	0.4%	0.8%	0.7%	**-0.7%**	0.1%
Excluding Shelter	**0.2%**	0.7%	0.6%	-0.8%	-0.1%	0.0%	0.2%	0.3%	-0.1%	**0.6%**	0.5%
Housing Starts (000s)											
SAAR May 2009	**128.4**	2.7	0.8	3.0	4.0	42.2	43.8	3.3	4.9	**12.4**	11.2
Retail Sales											
Percent Change[d]	**-6.7%**	0.1%	0.5%	-1.8%	-3.1%	-5.0%	-7.3%	-5.1%	-5.3%	**-10.1%**	-8.2%
2009 YTD Retail Sales Growth	**-6.2%**	-0.5%	-1.8%	-4.0%	-2.4%	-3.6%	-5.7%	-4.7%	-3.6%	**-11.0%**	-10.0%
Manufacturing Shipments											
Percent Change[d]	**-20.4%**	-70.5%	6.3%	-24.1%	-37.4%	-14.4%	-21.4%	-6.2%	-8.8%	**-23.0%**	-23.4%

a. Over the past 12 months
b. May 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to January 2009
d. April 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada